HOUSING MARKET INFORMATION

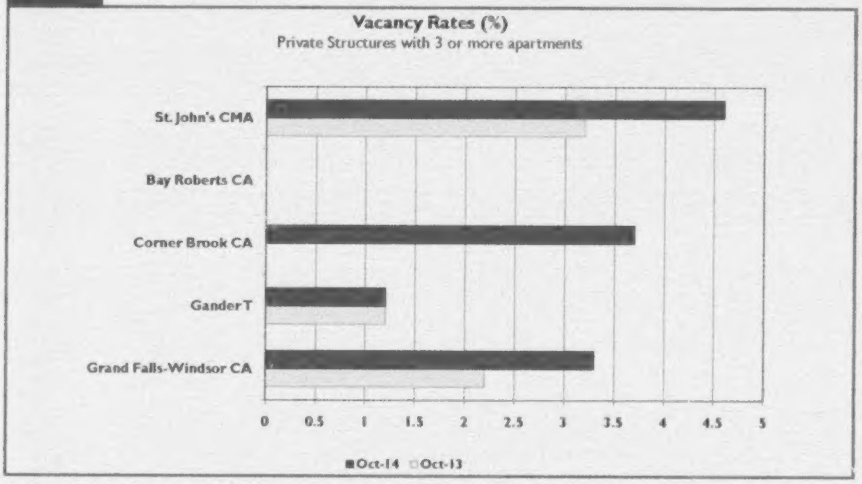
RENTAL MARKET REPORT

Newfoundland and Labrador Highlights*

CANADA MORTGAGE AND HOUSING CORPORATION

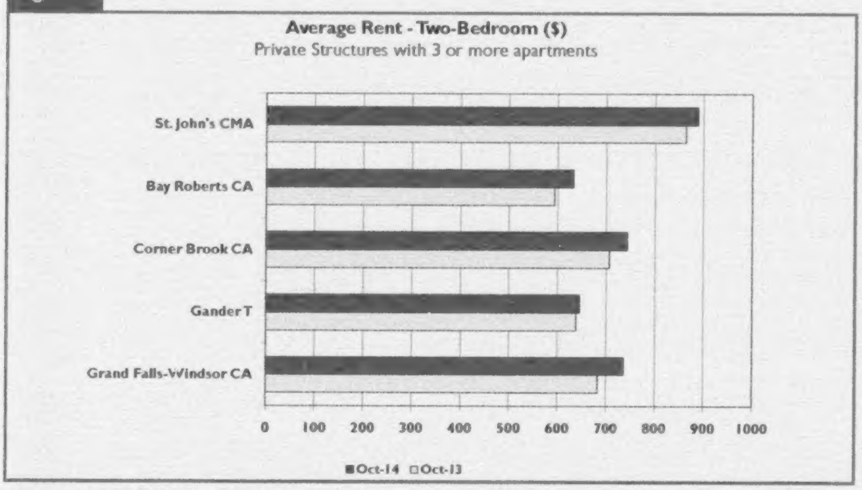
Date Released: Fall 2014

Figure 1



Source: CMHC Rental Market Survey

Figure 2



Source: CMHC Rental Market Survey

*Urban centres with a population of 10,000 + are included in the survey. Detailed reports are available for CMAs.

Provincial Urban Vacancy Rates Mixed

- The overall provincial vacancy rate was 4.1 per cent in October, up from 2.7 per cent last year.
- St. John's area vacancy rate was 4.6 per cent compared to 3.2 per cent last October.
- The average rent for a two-bedroom apartment was $812 across the provincial urban centres surveyed.

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Newfoundland and Labrador Reports a Higher Vacancy Rate

According to the results of Canada Mortgage and Housing Corporation's Fall Rental Market Survey[1], vacancy rates[2] were higher in most of the province's urban centres[3]. The vacancy rate increased to 4.1 per cent in October from 2.7 per cent a year ago in Newfoundland and Labrador. Among the provincial centres, the highest vacancy rate was reported in the St. John's area, while Gander had the lowest vacancy rate. Average rents were highest in the St. John's area and the lowest in Bay Roberts.

The St. John's area rental market posted a vacancy rate of 4.6 per cent versus 3.2 per cent in October 2013. The increase stemmed from both rental market demand and supply-side fundamentals. Total housing demand has dropped across the city, due to weaker economic fundamentals and inventory has been building. To the end of the third quarter, both employment and the labour force are up one per cent and the unemployment rate sat at six per cent versus 6.3 per cent a year ago. On the migration side, the St. John's area continues to see a positive influx of people, having gained 1,995 net migrants as of the end of 2013. On the supply side, new multi-unit rental apartment construction continues and there were 40 new rental apartment units added to the St. John's area rental market, which represents a one per cent increase to the rental universe.

In Gander, the vacancy rate remained statistically unchanged at 1.2 per cent and continued to be the most stable rental market across the province. The vacancy rate remains low historically speaking and was supported by the fact that no new rental apartment units were added to the universe. Gander is a regional service hub for central Newfoundland where its economy is driven by an international airport, local colleges, and a large hospital. As such, population levels have been stable and have supported the existing demand for rental units.

Grand Falls-Windsor posted a vacancy rate of 3.3 per cent in October versus 2.2 per cent a year ago. There were 25 new two-bedroom apartments added to the rental universe since the October 2013 survey and local market intelligence from the municipality, suggests that people moved into these new units, leaving some of the older units empty during the survey. The current increase in supply reflects the strength of Grand Falls-Windsor's economy in recent years and has supported demand for rental units accordingly.

Corner Brook posted a vacancy rate of 3.7 per cent versus no vacancies in October 2013. The Corner Brook area's sizeable health, education and tourism sectors and a well diversified economy continue to offset ongoing concerns regarding the future of the pulp and paper industry. However, a 12 per cent increase in the rental supply via the addition of 64 new two-bedroom apartment units (51 following 2013's survey and 13 this year) likely caused the vacancy rate to increase this fall. After recording no vacancies last year, a change in demand patterns and weaker demographic fundamentals lengthened the absorption period of the new rental stock and some of the older units remained vacant during the October survey.

Average Rents Higher

Overall, the average two-bedroom rent increased to $812 per month across the provincial urban centres surveyed compared to $784 last year. The highest average two-bedroom rent recorded was $888 in St. John's, while Bay Roberts recorded the lowest average two-bedroom rent at $632. The remaining average two-bedroom rents were $645 in Gander, $736 in Grand Falls-Windsor and $743 in Corner Brook.

Based on structures common to both the 2013 and 2014 surveys[4], overall average rents increased in all centres. In St. John's, the average rent increased 3.5 per cent. In Corner Brook, the increase was 3.8 per cent. In Grand Falls-Windsor average rents increased 3.8 per cent and in Gander they increased 1.3 per cent. The average rent increases are attributed to higher rents in newer apartment buildings and higher carrying costs associated with existing buildings.

[1] Due to seasonal factors, the results of the October 2014 Rental Market Survey are not directly comparable with the results from the April 2014 Rental Market Survey.

[2] The survey is based on privately-initiated rental apartment structures of three or more units.

[3] Urban centres defined as centres with a population of 10,000 or more.

[4] Year-over-year comparisons of average rents can be slightly misleading because rents in newly built structures tend to be higher than in existing buildings. Excluding new structures and focusing on structures existing in both the October 2013 and October 2014 surveys provides a better indication of actual rent increases paid by tenants.

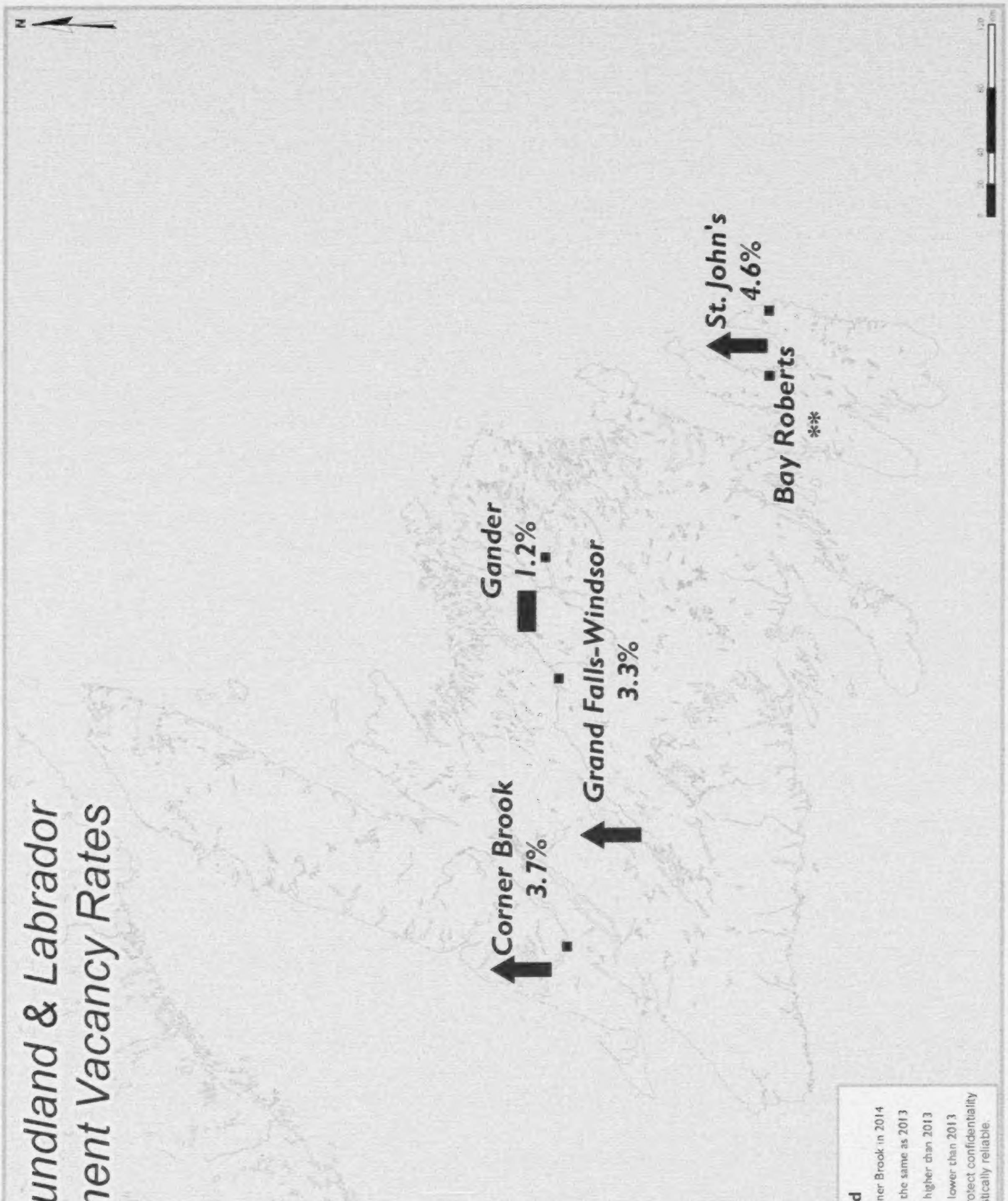
Population levels remained stable across the urban centres surveyed.

It also should be noted that both average rents and vacancy rates increased across the province. Despite an increase in the vacancy rate, rents continue to rise because of the demand for new condo-quality rental units from the age 55 plus demographic. The rents in these units are typically above average, thereby pushing up the overall rent.

Rising Availability Rates

The apartment availability rate[5] ranged from a high of six per cent in St. John's in October versus 3.8 per cent last year, to a low of 1.7 per cent in Gander compared to 1.2 per cent in October 2013. The availability rate was 4.7 per cent in the Grand Falls-Windsor area versus 2.2 per cent a year ago. Corner Brook recorded an availability rate of five per cent compared to 1.1 per cent last year.

[5] A rental unit is considered available if the unit is vacant, or the existing tenant has given or received official notice to move and a new tenant has not signed a lease. As the definition of availability includes vacancy, the availability rate will always be equal to or greater than the vacancy rate.


Newfoundland & Labrador
Apartment Vacancy Rates
N
Corner Brook
3.7%
Grand Falls-Windsor
3.3%
Gander
1.2%
Bay Roberts
**
St. John's
4.6%
Legend
3.7% Vacancy rate for Corner Brook in 2014
Vacancy rate in 2014 the same as 2013
Vacancy rate in 2014 higher than 2013
Vacancy rate in 2014 lower than 2013
** Data suppressed to protect confidentiality or because it is not statistically reliable.

1.1.1 Private Apartment Vacancy Rates (%)
by Bedroom Type
Newfoundland and Labrador

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Oct-13	Oct-14	Oct-13	Oct-14	Oct-13	Oct-14	Oct-13	Oct-14	Oct-13	Oct-14
St. John's CMA	4.8	7.1	2.4	3.0	3.0	4.7	6.0	6.7	3.2	4.6
Bay Roberts CA	-	-	**	**	**	**	**	**	**	**
Corner Brook CA	0.0	4.0	0.0	4.8	0.0	2.9	0.0	7.8	0.0	3.7
Gander T	**	**	1.7	2.5	0.9	0.7	2.7	3.7	1.2	1.2
Grand Falls-Windsor CA	0.0	**	1.2	3.5	2.3	3.1	8.8	**	2.2	3.3
Newfoundland & Labrador 10,000+	**4.4**	**6.7**	**2.1**	**3.1**	**2.4**	**3.9**	**5.0**	**6.7**	**2.7**	**4.1**

The following letter codes are used to indicate the reliability of the estimates:

a - Excellent, b- Very good, c - Good, d - Fair (Use with Caution)

** Data suppressed to protect confidentiality or data not statistically reliable.

n/u: No units exist in the universe for this category n/s: No units exist in the sample for this category n/a: Not applicable

↑ indicates the year-over-year change is a statistically significant increase

↓ indicates the change is a statistically significant decrease

- indicates that the change is not statistically significant

Please click Methodology or Data Reliability Tables Appendix link for more details

1.1.2 Private Apartment Average Rents ($)
by Bedroom Type
Newfoundland and Labrador

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Oct-13	Oct-14	Oct-13	Oct-14	Oct-13	Oct-14	Oct-13	Oct-14	Oct-13	Oct-14
St. John's CMA	649	635	739	770	864	888	870	930	804	832
Bay Roberts CA	-	-	**	**	593	632	**	**	586	616
Corner Brook CA	462	470	556	574	706	743	798	776	667	695
Gander T	**	**	567	571	638	645	696	694	627	631
Grand Falls-Windsor CA	**	**	543	594	683	736	**	**	659	707
Newfoundland & Labrador 10,000+	**631**	**618**	**695**	**721**	**784**	**812**	**840**	**889**	**753**	**780**

The following letter codes are used to indicate the reliability of the estimates (cv = coefficient of variation):

a - Excellent ($0 \leq cv \leq 2.5$), b- Very good ($2.5 < cv \leq 5$), c - Good ($5 < cv \leq 7.5$), d - Fair (Use with Caution) ($7.5 < cv \leq 10$)

** Data suppressed to protect confidentiality or data not statistically reliable.

n/u: No units exist in the universe for this category n/s: No units exist in the sample for this category n/a: Not applicable

Please click Methodology or Data Reliability Tables Appendix link for more details

1.1.3 Number of Private Apartment Units in the Universe by Bedroom Type Newfoundland and Labrador

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Oct-13	Oct-14	Oct-13	Oct-14	Oct-13	Oct-14	Oct-13	Oct-14	Oct-13	Oct-14
St. John's CMA	360	359	1,105	1,123	1,755	1,772	278	284	3,498	3,538
Bay Roberts CA	0	0	3	5	27	31	1	2	31	38
Corner Brook CA	26	25	122	122	347	360	42	41	537	548
Gander T	1	1	121	122	427	434	37	27	586	584
Grand Falls-Windsor CA	6	6	87	87	387	412	12	13	492	518
Newfoundland & Labrador 10,000+	**393**	**391**	**1,438**	**1,459**	**2,943**	**3,009**	**370**	**367**	**5,144**	**5,226**

** Data suppressed to protect confidentiality or data not statistically reliable.
n/u: No units exist in the universe for this category n/s: No units exist in the sample for this category n/a: Not applicable

Please click Methodology or Data Reliability Tables Appendix link for more details

1.1.4 Private Apartment Availability Rates (%) by Bedroom Type Newfoundland and Labrador

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Oct-13	Oct-14	Oct-13	Oct-14	Oct-13	Oct-14	Oct-13	Oct-14	Oct-13	Oct-14
St. John's CMA	5.1	7.6	2.8	3.7	3.6	6.7	7.2	9.2	3.8	6.0
Bay Roberts CA	-	-	**	**	**	**	**	**	**	**
Corner Brook CA	3.9	4.0	0.9	4.8	1.2	4.8	0.0	7.8	1.1	5.0
Gander T	**	**	1.7	3.3	0.9	0.9	2.7	7.4	1.2	1.7
Grand Falls-Windsor CA	0.0	**	1.2	3.5	2.3	4.9	8.8	**	2.2	4.7
Newfoundland & Labrador 10,000+	**4.9**	**7.2**	**2.4**	**3.7**	**2.9**	**5.5**	**6.0**	**8.9**	**3.2**	**5.4**

The following letter codes are used to indicate the reliability of the estimates:
a - Excellent, b- Very good, c - Good, d - Fair (Use with Caution)
** Data suppressed to protect confidentiality or data not statistically reliable.
n/u: No units exist in the universe for this category n/s: No units exist in the sample for this category n/a: Not applicable

↑ indicates the year-over-year change is a statistically significant increase
↓ indicates the change is a statistically significant decrease
- indicates that the change is not statistically significant

Please click Methodology or Data Reliability Tables Appendix link for more details

1.1.5 Private Apartment Estimate of Percentage Change (%) of Average Rent[1] by Bedroom Type Newfoundland and Labrador

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Oct-12 to Oct-13	Oct-13 to Oct-14	Oct-12 to Oct-13	Oct-13 to Oct-14	Oct-12 to Oct-13	Oct-13 to Oct-14	Oct-12 to Oct-13	Oct-13 to Oct-14	Oct-12 to Oct-13	Oct-13 to Oct-14
St. John's CMA	4.6 b	1.6 c	3.9 b	3.0 b	5.2 a	3.2 b	2.2 b	4.0 c	4.4 a	3.5 b
Bay Roberts CA	-	-	**	**	**	**	**	**	**	**
Corner Brook CA	4.3 b	1.2 a	3.8 d	3.5 b	5.9 b	3.2 b	8.2 a	-5.6 d	5.1 b	3.8 b
Gander T	**	**	9.5 a	1.8 a	7.2 a	1.8 a	4.9 a	2.5 a	7.0 a	1.3 a
Grand Falls-Windsor CA	**	**	1.4 a	5.1 b	2.6 b	3.5 c	**	**	2.5 a	3.8 b
Newfoundland & Labrador 10,000+	**4.4** a	**1.6** c	**4.5** b	**3.1** b	**5.2** a	**3.1** b	**3.4** b	**2.0** c	**4.6** a	**3.3** b

[1]The Percentage Change of Average Rent is a measure of the market movement, and is based on those structures that were common to the survey sample for both years.

The following letter codes are used to indicate the reliability of the estimates:
a - Excellent, b- Very good, c - Good, d - Fair (Use with Caution)
** Data suppressed to protect confidentiality or data not statistically reliable.
++ Change in rent is not statistically significant. This means that the change in rent is not statistically different than zero (0).
n/u: No units exist in the universe for this category n/s: No units exist in the sample for this category n/a: Not applicable

Please click Methodology or Data Reliability Tables Appendix link for more details

5.1 Other Secondary Rented Unit[1] Average Rents ($) by Dwelling Type Newfoundland and Labrador - October 2014

	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Oct-13	Oct-14	Oct-13	Oct-14	Oct-13	Oct-14	Oct-13	Oct-14	Oct-13	Oct-14
St. John's CMA										
Single Detached	**	**	**	**	**	**	1,074 b	1,129 b	951 c	1,072 b
Semi detached, Row and Duplex	**	**	**	716 c	842 d	**	812 c	947 c	805 c	909 c
Other-Primarily Accessory Suites	**	**	562 b	678 c	706 c	766 b	**	**	662 b	755 b
Total	**	**	570 b	661 c	737 b	860 c	942 b	1,057 b	800 b	913 b

[1]Statistics for secondary rented units exclude apartments in purpose built rental structures with three rental units or more, condominium apartments, units in institutions, and any dwelling whose type could not be identified in the survey

The following letter codes are used to indicate the reliability of the estimates (cv = coefficient of variation):
a - Excellent ($0 \leq cv \leq 2.5$), b- Very good ($2.5 < cv \leq 5$), c - Good ($5 < cv \leq 7.5$), d - Fair (Use with Caution) ($7.5 < cv \leq 10$)
** Data suppressed to protect confidentiality or data not statistically reliable.
n/u: No units exist in the universe for this category n/s: No units exist in the sample for this category n/a: Not applicable

Please click Methodology or Data Reliability Tables Appendix link for more details

5.2 Estimated Number of Households in Other Secondary Rented Units[1] by Dwelling Type Newfoundland and Labrador - October 2014

	Estimated Number of Households in Other Secondary Rented Units[1]	
	Oct-13	Oct-14
St. John's CMA		
Single Detached	5,330 c	5,961 b
Semi detached, Row and Duplex	6,226 b	5,685 b
Other-Primarily Accessory Suites	6,427 a	6,492 a
Total	17,984	18,138

[1]Statistics for secondary rented units exclude apartments in purpose built rental structures with three rental units or more, condominium apartments, units in institutions, and any dwelling whose type could not be identified in the survey.

The following letter codes are used to indicate the reliability of the estimates:
a - Excellent, b- Very good, c - Good, d - Fair (Use with Caution)
** Data suppressed to protect confidentiality or data not statistically reliable.
n/u: No units exist in the universe for this category n/s: No units exist in the sample for this category n/a: Not applicable

Please click Methodology or Data Reliability Tables Appendix link for more details

TECHNICAL NOTE:

Difference between Percentage Change of Average Rents (Existing and New Structures) AND Percentage Change of Average Rents from Fixed Sample (Existing Structures Only):

Percentage Change of Average Rents (New and Existing Structures): The increase/decrease obtained from the calculation of percentage change of average rents between two years (example: $500 in the previous year vs. $550 in current survey represents an increase of 10 percent) is impacted by changes in the composition of the rental universe (e.g. the inclusion of newly built luxury rental buildings in the survey, rental units renovated/upgraded or changing tenants could put upward pressure on average rents in comparison to the previous year) as well as by the rent level movement (e.g. increase/decrease in the level of rents that landlords charge their tenants).

Percentage Change of Average Rents from Fixed Sample (Existing Structures Only): This is a measure that estimates the rent level movement. The estimate is based on structures that were common to the survey sample for both the previous year and the current Rental Market Surveys. However, some composition effects still remain e.g. rental units renovated/upgraded or changing tenants because the survey does not collect data to such level of details.

METHODOLOGY FOR RENTAL MARKET SURVEY

Canada Mortgage and Housing Corporation (CMHC) conducts the **Rental Market Survey** (RMS) every year in April and October to estimate the relative strengths in the rental market. The survey is conducted on a sample basis in all urban areas with populations of 10,000 and more. The survey targets only privately initiated structures with at least three rental units, which have been on the market for at least three months. The survey collects market rent, available and vacant unit data for all sampled structures.
The survey is conducted by a combination of telephone interviews and site visits, and information is obtained from the owner, manager, or building superintendent. The survey is conducted during the first two weeks of April/October, and the results reflect market conditions at that time.

CMHC is constantly reviewing the Universe of rental structures in the rental market Universe to ensure that it is as complete as possible. Every year, any newly completed rental structures with at least 3 rental units are added to the Universe. In addition to this, CMHC undertakes comprehensive reviews by comparing the Universe listing to other sources of data to ensure that the list of structures is as complete as possible.

CMHC's Rental Market Survey provides a snapshot of vacancy and availability rates, and average rents in both new and existing structures. There also exists a measure for the change in rent that is calculated based on existing structures only. The estimate is based on structures that were common to the survey sample for both the previous year and the current Rental Market Surveys. The change in rent in existing structures is an estimate of the change in rent that the landlords charge and removes compositional effects on the rent level movement due to new buildings, conversions, and survey sample rotation. The estimate of per cent change in rent is available in all Canada and Provincial Highlights publications, and also in the CMA reports (fall survey only). The rent levels in new and existing structures are also published. While the per cent change in rents in existing structures published in the reports are statistically significant, changes in rents that one might calculate based on rent levels in new and existing structures may or may not be statistically significant.

Use caution when comparing changes in statistics from one year to the next. Even if there is a year over year change, it is not necessarily a statistically significant change. These tables include indicators to help interpret changes. ↑ indicates the year-over-year change is a statistically significant increase, ↓ indicates the year-over-year change is a statistically significant decrease, while – indicates that the effective sample does not allow one to interpret any year-over-year change as being statistically significant.

METHODOLOGY FOR SECONDARY RENTAL MARKET SURVEY

Canada Mortgage and Housing Corporation (CMHC) conducts a survey of the **Secondary Rental Market** (SRMS) in September and October to estimate the relative strengths in the secondary rental market which is defined as those dwellings not covered by the regular RMS – rented single-detached homes, semi-detached (double) homes, rented freehold row/townhomes, rented duplex apartments (i.e., one-above-other), rented accessory apartments (separate dwelling units that are located within the structure of another dwelling type), rented condominiums (can be any dwelling type but are primarily apartments), and one or two apartments which are part of a commercial or other type of structure.

The SRMS has three components which are conducted in selected CMAs:

- A Household Rent Survey of all households to collect information about rents.
- A Condominium Apartment Rent Survey of households living in condominium apartments to collect information about rents.
- A Condominium Apartment Vacancy Survey of condominium apartment owners to collect vacancy information.

All three surveys are conducted by telephone interviews. For the condominium apartment vacancy survey, information is obtained from the owner, manager, or building superintendent and can be supplemented by site visits if no telephone contact is made. For the other two surveys, information is collected from an adult living in the household. All surveys are conducted in September and October, and the results reflect market conditions at that time.

CMHC publishes the number of units rented and vacancy rates for the condominium vacancy survey. For the condominium rent and household rent surveys, the average rent is published. A letter code representing the statistical reliability (i.e., the coefficient of variation (CV)) for each estimate is provided to indicate the data reliability. Rented condominium apartments were surveyed in the following CMAs: Vancouver, Victoria, Calgary, Edmonton, Regina, Saskatoon, Winnipeg, Toronto, Ottawa, Montréal and Québec (NOTE: Condo rent data was not collected for Regina and Saskatoon). Other secondary rental market units were surveyed in Abbotsford, Barrie, Calgary, Edmonton, Halifax, Montreal, Ottawa, Quebec, St. John's, Toronto, Winnipeg, Regina, Saskatoon, Kelowna, Vancouver and Victoria.

Every year CMHC reviews the method of estimation for Household Rent Survey, which may result in some changes to previously published estimates. All statistics in this report are reflective of the new method of estimation.

DEFINITIONS

Availability: A rental unit is considered available if the existing tenant has given, or has received, notice to move, and a new tenant has not signed a lease; or the unit is vacant (see definition of vacancy below).

Rent: The rent refers to the actual amount tenants pay for their unit. No adjustments are made for the inclusion or exclusion of amenities and services such as heat, hydro, parking, and hot water. For available and vacant units, the rent is the amount the owner is asking for the unit.

It should be noted that the average rents reported in this publication provide a sound indication of the amounts paid by unit size and geographical sector. Utilities such as heating, electricity and hot water may or may not be included in the rent.

Rental Apartment Structure: Any building containing three or more rental units, of which at least one unit is not ground oriented. Owner-occupied units are not included in the rental building unit count.

Rental Row (Townhouse) Structure: Any building containing three or more rental units, all of which are ground oriented with vertical divisions. Owner-occupied units are not included in the rental building unit count. These row units in some centres are commonly referred to as townhouses.

Vacancy: A unit is considered vacant if, at the time of the survey, it is physically unoccupied and available for immediate rental.

Definitions of Census Areas referred to in this publication are as follows:

A census metropolitan area (CMA) or a census agglomeration (CA) is formed by one or more adjacent municipalities centred on a large urban area (known as the urban core). The census population count of the urban core is at least 10,000 to form a census agglomeration and at least 100,000 to form a census metropolitan area. To be included in the CMA or CA, other adjacent municipalities must have a high degree of integration with the central urban area, as measured by commuting flows derived from census place of work data. CMAs and CAs contain whole municipalities or Census Subdivisions.

Data presented is based on Statistics Canada's 2011 Census area definitions.

Acknowledgement

The Rental Market Survey and the Secondary Rental Market Survey could not have been conducted without the cooperation of the rental property owners, managers, building superintendents and household members throughout Canada. CMHC acknowledges their hard work and assistance in providing timely and accurate information. As a result of their contribution, CMHC is able to provide information that benefits the entire housing industry.

CMHC—HOME TO CANADIANS

Canada Mortgage and Housing Corporation (CMHC) has been Canada's national housing agency for more than 65 years.

Together with other housing stakeholders, we help ensure that the Canadian housing system remains one of the best in the world. We are committed to helping Canadians access a wide choice of quality, environmentally sustainable and affordable housing solutions that will continue to create vibrant and healthy communities and cities across the country.

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